

**RURAL BUSINESS ENTERPRISE GRANT REVOLVING LOAN FUND**

**ULTIMATE RECIPIENT  
REVIEW AND APPROVAL PROCESS**

**EACH ULTIMATE RECIPIENT'S PROPOSAL WILL BE REVIEWED FOR  
ELIGIBILITY BY BUSINESS AND COMMUNITY PROGRAMS BEFORE ANY  
ASSISTANCE IS APPROVED**

A. **Ultimate Recipients:**

USDA Rural Development RBEG funds must benefit a small and emerging private business enterprise. A small and emerging private business enterprise is defined as any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues. Each recipient will furnish the grantee with the following:

1. Certification they are not delinquent on any Federal Government assistance: The Debt Collection Improvement Act of 1996 bars delinquent federal debtors from obtaining federal financial assistance in the form of direct or guaranteed loans.
2. Description of the project
3. Letter of Clearance from the Office of Intergovernmental Assistance - Division of Community Services
4. A properly completed Form RD 1940-20, Request for Environmental Information, executed by the ultimate recipient: Each project will undergo the applicable environmental review.
5. FEMA 81-93, Standard Flood Hazard Determination Form
6. Documentation that at least fifty-one (51) percent of the ultimate recipient has membership or is owned by those who are either citizens of the United States or reside in the United States after legally admitted for permanent residence
7. AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions
8. RD 400-1, Equal Opportunity Agreement
9. RD 400-4, Assurance Agreement

10. Start-up Business: Pro Forma Financial Statements  
Existing Business: Last year's Tax Return or Financial Statements of Record
11. Documentation of ultimate recipient's understanding of their responsibilities to the grantee contained in RD Instruction 1942-G, Attachment 1, Section B, and 7 CFR Parts 3015, 3016, 3017, 3018, 3019 and 3052

**B. Approval of Ultimate Recipient Loans:**

No commitment of loan funds to an ultimate recipient may be made by the grantee until an affirmative decision on proceeding with funding is rendered by USDA Rural Development. Each project must be reviewed and approved for eligibility by USDA Rural Development. The grantee will provide USDA Rural Development with items 1 through 11 as shown above.

1. The grantee must certify and document the following:
  - a. The proposed ultimate recipient is eligible for the loan;
  - b. The proposed loan is for eligible purposes;
  - c. Each ultimate recipient assisted through the use of USDA Rural Development grant funds is located in an eligible rural area and is benefiting a rural area;
  - d. The ultimate recipient is unable to finance the proposed project through commercial credit or other Federal, State, or local programs at reasonable rates and terms;
  - e. The grantee and its principal officers (including immediate family) hold no legal or financial interest or influence in the ultimate recipient, and the ultimate recipient and its principal officers (including immediate family) hold no legal or financial interest or influence in the grantee.
2. USDA Rural Development will review RD 1940-20 and complete the environmental review. The results of this review will be used by USDA Rural Development in making its decision on the request.
3. USDA Rural Development will review the non-procurement list (RD Instruction 1940-M) <http://epls.arnet.gov/> for the grantee and ultimate recipient
4. USDA Rural Development will notify the grantee in writing of project concurrence. The grantee may request grant funds by use of SF-270 after receiving project concurrence.

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